3) Remarks

A brief overview of aspects of the invention believed to be patentable were presented in the prior filed "Response to First Office Action and Record of Interview" mailed on October 25, 2002. To reiterate in brief, the invention recited in Claim 1 relates to a method for issuing a negotiable instrument, particularly useful for members of the "cash based society" who are often reluctant to enter into a typical relationship with banks. (Emphasis supplied.) Many members of this group of people often use so-called "Licensed Money Transmitters" such as the WESTERN UNION® network to transfer funds to different entities and people, e.g. pay bills and send money to relatives. (See specification, p. 4, lines 13-22.) A particular problem is the inability of such persons to utilize direct deposit of funds, such as federal benefit checks, into systems of Licensed Money Transmitters:

The invention of Claims 1, 10, and 13 involves use of a first account maintained by a first entity (for example, an FDIC insured bank) and a second account maintained by a second entity (for example, a Licensed Money Transmitter such as WESTERN UNION®). Upon a direct deposit into the first account, funds are swept into the second account and treated as a prepaid negotiable instrument, and thereby made available for access from the second account, for example through the funds transfer network of WESTERN UNION®.

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The Applicant and the undersigned attorney thank the Examiner for reconsideration of this patent application. Further consideration of the present application is respectfully requested in light of the foregoing amendments and the following.

Independent Claims

Claims 1–21 were rejected under 35 U.S.C. 103(a) as unpatentable over the *Downing* patent in view of the *Jennings* patent.

As to claim 1, the examiner asserted that *Downing* teaches a method of issuing a negotiable instrument comprising detecting a direct deposit of funds into a first account of an individual and maintained by a first entity and transferring the funds into a second account (citing the Abstract and FIG. 5A). The examiner acknowledged that *Downing* fails to teach

detecting a request by an individual for the issuance of a requested negotiable instrument having a value. (This was basically the same initial basis as in the first office action.)

As a new basis for rejection the examiner asserted that *Jennings* teaches "issuance of a requested negotiable instrument" (citing Abstract and col. 3 line 51 – col. 4, line 27), as well as determining that the value of the requested negotiable instrument is not in excess of the second account (citing FIG. 5, element 88) and authorizing the issuance of the requested negotiable instrument (citing FIG. 5 elements 86/96/84) and debiting the second account by the amount of the instrument (citing FIG. 6 and FIG. 9). The examiner concluded it would have been obvious to one skilled in the art at the time of the invention to combine *Downing* in view of *Jennings* to teach the above, and further that the motivation to combine is to teach a method of transferring funds for customers domestically and internationally as enunciated by *Jennings* (citing col. 2, lines 27–35).

The examiner's position regarding the *Downing* and *Jennings* patents is not understood, especially as regards the purported teachings relating to automatic transfer in resonse to direct deposit and negotiable instruments drawn from a second account, and is therefore <u>traversed</u>. Notwithstanding, certain clarifying amendments have been made to the claims to highlight the differences between the claimed invention(s) and the cited references. For the reasons that will be explained more fully below, it is believed that independent claims 1, 10, 13, and 19 are not obvious and should be allowable.

The *Downing* patent describes a system for transferring funds from a source account to a cash access file that can be accessed by customers or non-customers. (*Downing*, Abstract). Despite the examiner's position to the contrary, it is submitted that this reference is completely silent on the use of a <u>first account and a second account</u>—there is only one account that holds the money of the individual. This can readily be seen in FIG. 2 of *Downing*: the system 1 comprises access points comprising different terminals by which a sender 2 or a recipient 16 can access the system. (*Downing*, col. 5, line 25). The source of funds is an account that is debited to cover the requested transfer amount and any associated fees. (*Downing*, col. 6, lines 29–30). At the appropriate point in a funds transfer, a terminal prompts the user (a sender) to select a particular type of source account from a list of possible types. (Col. 10, lines 64–67). Upon selection of the type of source account at S6 in FIG. 5A, the CAT (Customer Activated

Terminal) prompts the user to select from a list of the user's own accounts, for example, by displaying the account number and type of currency associated with it. (Col. 11, lines 1–3).

The foregoing is the <u>only</u> discussion of the source of funds and processing in the *Downing* patent. Where is there any suggestion or teaching of (a) <u>detecting a direct deposit</u> into a first account, then (b) transferring (i.e. sweeping) funds into a second account, as recited in claim 1?? It is respectfully submitted – <u>no such teaching is present.</u>

Further, the *Downing* patent is silent on the notion of detecting a request for issuance of a <u>negotiable instrument</u>, let alone from a second account. The *Downing* patent only describes transfer of money from one terminal to another – the recipient is only shown receiving funds via home banking, a CAT (e.g. ATM), or PC CAT. (FIG. 2). No "negotiable instruments", as the term is used in the present application, are described or suggested at all. "Thus, transfers made in accordance with the invention may be understood functionally as an 'electronic check' where the sender remains the 'owner' of the funds until they are picked up by the recipient." (Col. 7, lines 60–63). "Negotiable instruments", as term is intended in this aspect of the present invention, are physical items such as checks, drafts, warrants, money orders, and traveler's checks. (See specification page 4, line 18; see new claim 22.)

Although admittedly the *Jennings* patent shows transfer of funds between two different accounts and mentions traveler's checks from an customer activated terminal or "CAT" (col. 6 line 18), it does not supply the missing teachings of <u>automatic</u> transfer from the first account to a second account <u>in response to a direct deposit</u>, and authorization/issuance of a requested <u>negotiable instrument</u> that is drawn from the <u>second account</u>.

The *Jennings* patent describes a <u>customer-directed</u> (as indicated in the title) automated process for transferring funds between accounts using a holding account and local processing. Although this patent does provide for transferring funds between two accounts, it does not disclose, teach or suggest automatic transfer <u>in response to a direct deposit,</u> nor does it relate to issuance of any negotiable instruments. This is because it is customer-directed, e.g. it requires that a customer be shown exchange rates and fees, so that the user can authorize or cancel a transaction. (See col. 2, lines 47–50.)

It is not understood how the examiner is finding any support in the *Jennings* patent for the notion that this patent teaches anything about issuing negotiable instruments from

the second account. The citations provided – namely Abstract; col. 3 line 51 – col. 4, line 27; FIG. 5, elements 84/86/88/96 – do not relate whatsoever to negotiable instruments. The Abstract only mentions funds transfers between accounts. The col. 3-4 citation only mentions transfers between accounts, and ATMs, which are used to receive the customer directions. The elements in FIG. 5 are, respectively, external transfers 84, intra-bank transfers 86, balance inquiry 88, and inter-bank external transfers 96.

It is clear that *Jennings* is a user-driven, i.e. "customer directed" system. Col. 4 lines 28–44 describes the operation wherein the user is provided with a display of an application menu on some kind of input terminal, given options relating to a transaction, and receives user commands. So, even if the user were to deposit funds, there is nothing said about automatic transfer to the second account – the user has to indicate the destination and approve the transfer. The *Jennings* patent is full of descriptions of various user interfaces and user interaction, and clearly teaches the notion of customer direction – as the title indicates – and not automatic operation.

Further still, *Jennings* only contemplates that the user will direct transfer of funds from the first account, not the second account: "An Action Code of 71 in this example means that there are insufficient funds in the source account to cover the transaction." (Col. 21, line 45.) (Emphasis applied). This clearly shows that the user direction relates to commands to transfer funds from a source account (if read as a "first account"), and does not teach any automatic operations relating to a second account.

In contrast, Claim 1, as amended for clarification, recites automatically transferring funds in response to direct deposit of funds into the first account. Further, the claim recites automatically determining that the value of a requested negotiable instrument is not in excess of the balance of the second account. Further still, in response to issuance of the negotiable instrument, automatically debiting the second account. Furthermore, where in the reference is there any indication of an automatic sweep?

It is therefore submitted that the examiner's combination of the *Downing* and *Jennings* patents does not provide the requisite teachings that would render Claim 1 obvious. Similar comments apply to the rejection of claims 10 and 13.

Claim 10 also involves direct deposit of funds into a first account and sweeping into a second account. Further, Claim 10 involves use of a card bearing an account number, use

of a PIN, and requesting authorization for the issuance of a negotiable instrument to the individual in a requested amount. Further still, Claim 10 recites an authorization indicating that the requested amount plus any fees charged to the individual not be in excess of the balance in the second account. As in Claim 1, none of these features, among other features, is taught in *Downing* or *Jennings* singularly or collectively.

Claim 13 also involves direct deposit of funds into a first account and sweeping into a second account, in the context of a negotiable instrument payment system. In this regard, Claim 13 also recites the element of an account sweep control module configured for detecting the direct deposit of funds into the first account and automatically transferring the total amount of funds into the second account. Other recited elements include a transaction control module in communication with an entity with the second account and a POS terminal, and providing other related functions. As in Claims 1 and 10, and even more so, none of these features is taught in *Downing* or *Jennings* singularly or collectively.

Claim 19 is directed to a different aspect of the invention – a method for conducting anonymous transactions. This claim involves providing an anonymous account identified by an account number but no individual name (as amended), and providing the individual with the account number and a PIN. Upon verification of the PIN and account number, the issuance of a negotiable instrument is authorized, in an amount not to exceed an initial deposit of funds. Neither *Downing* nor *Jennings* involves anonymous accounts, let alone issuance of a negotiable instrument from such an account.

The examiner's application of *Downing* to claim 19 is not understood. The examiner merely indicated that claim 19 was rejected under the same rationale as claim 9 and cited *Downing* col. 6, lines 9–34, 47–53, and 59–65 (paragraphs 12 and 19 of the office action). These portions of *Downing* teach nothing about an anonymous account or issuance of a negotiable instrument. Indeed, col. 6, line 23 of *Downing* specifically states that a sender (i.e. a person desiring a funds transfer) must enter the sender's name in addition to other information. This is in direct contrast with the intent of claim 19 for an anonymous account with no individual name and teaches away from the claimed invention. The rejection should therefore be withdrawn.

For the foregoing reasons, it is respectfully submitted that claims 1, 10, 13, and 19 recite novel and nonobvious inventions, and it is requested that all claims, as amended, be allowed.

Dependent Claims

As to Claims 2, 8, and 14 (paragraph 7 of the office action), these are dependent under claim 1 and 13, respectively. Under the doctrine of *In re Fine*, 5 U.S.P.Q.2d 1597 (Fed. Cir. 1988), if the independent claim is allowable, then the dependent claims should also be allowed since dependent claims add further limitations. Further, given the remarks above, the examiner's point that the motivation to combine is to teach a method of transferring for customers domestically and internationally is believed to miss the point – the *Jennings* patent only teaches a customer-directed transfer, not automatic in response to direct deposit and not involving negotiable instruments drawn on the second account. It is thus submitted that the rejection of claims 2, 8, and 14 should be withdrawn.

As to Claims 3 and 15 (paragraph 8 of the office action), these are dependent under claims 1 and 13, respectively. Under the doctrine of *In re Fine* and the comments above, the rejection of claims 3 and 15 should also be withdrawn. The same rationale applies to claims 4 and 16 (paragraph 9 of the office action), claims 5, 6 (paragraph 10), claim 7 (paragraph 11), and claim 9 (paragraph 12).

Claim 10 was rejected under the same rationale as delineated in claims 9 and 1 above. For the reasons discussed above in connection with claim 1 and claim 9, it is submitted that the rejection is in error and should be withdrawn.

As per claim 11, the examiner indicated that *Downing* teaches the method of claim 10 and further comprising cashing the negotiable instrument, citing col. 5, lines 34–46 and col. 7, lines 22–28. The cited portions of *Downing* have nothing to do with cashing a negotiable instrument -- col. 5, lines 34–46 relate to types of terminals that can be used in connection with the *Downing* system and col. 7, lines 22–28 relate to obtaining withdrawals (e.g. cash) from a terminal or CAT. The rejection should be withdrawn.

Claim 12, a dependent claim, was rejected under the same rationale as claims 8 and 1 above. For the reasons discussed in connection with other dependent claims, it is submitted that the rejection should be withdrawn.

Claims 13, 17, and 18 were rejected under the same rationale as Claim 1, and in combination with *Downing* allegedly teaching a POS terminal. For the reasons discussed above in connection with claim 1, it is submitted that the rejection is in error and should be withdrawn, and further for the reason that the inclusion of a POS terminal element is not determinative of patentability by itself. Claim 13, an independent claim, should be considered patentable for, among other reasons, its recitation of an account sweep control module for detecting the direct deposit of funds into the first account and <u>automatically</u> transferring the funds into the second account. No reference teaches or suggests this, as discussed fully above.

The same rationale of *In re Fine* applies to claims 17, 18, and claims 20, 21.

It is noted that claim 1 has been further amended to remove a limitation that is believed to be unduly limiting and unnecessary to patentability – the specification makes it clear that the recited first account (e.g. a bank account 104 in FIG. 2) may either be held in the name of the Licensed Money Transmitter or in the name of an individual consumer.. (Specification, page 6, lines 23–24.)

Further, new dependent claims 22-25 are added for clarity concerning negotiable instruments and equivalents thereof.

CONCLUSION

The foregoing is submitted as a full and complete response to the Office Action mailed December 10, 2002 and is believed to place all claims in the application in condition for allowance.

If the Examiner believes that there are any issues that can be resolved by telephone conference, or if there are any informalities that may be addressed by an Examiner's amendment, please contact the undersigned at (404) 233-7000.

Respectfully submitted,

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